

OFFICE OF THE SECRETARY OF DEFENSE

19 APR 76

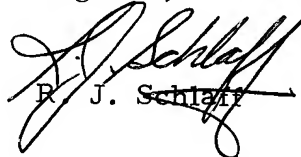
Memo For _____

Enclosed is the latest version of the TRW proposal to continue to crisis management interview program. I've also included copies of some of the responses we've received as a result of the material and request given out at the I&W Task Group meeting.

Any comments you may choose to make would be most appreciated. We were hoping to continue this effort by way of contract. It needs to be sold.

OSD REVIEW COMPLETED

Regards,


R. J. Schlaff

7 April 1976

MEMORANDUM FOR: Mr. Wallace Henderson
Director, Indications and Warning ASD (I)

SUBJECT : Project TRW Pilot Crisis Management
Interview Program

REFERENCE : Your memorandum same subject dated
22 March 1976

1. As the CIA member on the Indications and Warning Task Force you recently headed I have read with considerable interest the subject report and find that much of what was said, while familiar to those of us in the business of I and W is encouraging in that these senior former commanders and the like also feel that much needs to be done about how this government of ours arranges itself to meet the I and W problems of which we are both aware. I think this kind of airing of issues is absolutely necessary in order to get our present superiors to recognize that all is indeed not well in this field and that a much better warning job must be done if we are going to be able to assure the policy maker that we do in fact have an apparatus equal to the indications and warning challenges that are likely to occur over the next decade or two.

2. I was struck most forcefully by several points in this document and would like to comment on them herein for what it may be worth: a) The question of effective or ineffective intelligence management is in my judgment fundamental, in fact the broadest and most important of the items discussed. I fully support the comments of most of the participants that we are not doing a good job in processing and interrelating intelligence information in a near real time way. This of course goes back to the issue of over compartmentation, lack of NRT interaction among collection systems and the de facto sovereignty held by each of the players. This "sovereignty" issue must be addressed forcefully and forthrightly before we can ever hope for a solution to those subordinate problems which stem from this fundamental flaw. We have discussed it in a JCS/DIA context in our group but we must also recognize it exists at many levels--between

ASD(I) 76-1053

agencies and even within agencies. If I had to choose which problem to address first and which to try to get across to the policy makers as most crucial it would be this one. (b) All of us realize in studying the post-mortems of the Yom-Kippur that very few people in this government knew why the DEFCON was called. This is probably the most glaring, though not unique, example of the inability of indications and warning analysts or intelligence managers to be thorough in their judging of events. While we may think we know what the other side is doing, unless we also know what our side is doing it will be virtually impossible to provide any realistic estimating. c) Related somewhat to b is the issue of how any analyst can survive if he tries to call the shots as he sees them while the sub-culture within which he resides is "group thinking" in a different direction. I am sure you too have heard much about the need for a "devil's advocate" role, but I cannot see how this can be done, given the present climate of compartmentation, unwillingness to even talk about the unconventional and even the intolerance of dissent that exists today. In an abstract sense surely there should be some people in each agency who are playing this role thus making its leadership sit up and take notice, and perhaps look at things from a slightly different perspective. But how do we institutionalize this without at the same time ruining the careers of the devil's advocates? It seems to me that there is a fundamental human contradiction here when we say that we would like to have analysts who bring us up short with different ideas and different thoughts, while at the same time the various agencies are strewn with the bodies of those analysts who tried it once and were slapped down never to be heard from again. I am not at all hopeful that this problem of being a "team player" will ever disappear. Getting on the team is a path to promotion and I simply cannot see how a devil's advocate system running against that tide can get very far unless the highest levels of our government so direct, which frankly I do not see happening.

3. We should continue things like this interview program, the periodic DIA I and W Seminars and even develop more regular forums for the airing of these issues. Barring a catastrophe which will force our leadership to focus on the problem, the next best thing is education. Improvement will not happen in an evolutionary way. We must force it before the eyes and ears of our masters until they too are convinced of its urgency.

[Redacted Signature Box]

Vincent J. Heyman
Chief, CIA Operations Center

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CRISIS MANAGEMENT SUPPORT CAPABILITY ASSESSMENT

INTRODUCTION

Past history has shown that crisis "management," as practiced in the U. S. , is usually done on an ad hoc basis by assembling task teams, whose members are selected to fit the needs of that particular crisis to support the crisis decision makers. These task teams are frequently supported by hurriedly pulled together and sometimes disjointed system elements, which many times carry a much larger share of the crisis support burden than the systems and organizational elements formally established to support crisis management. This combination of ad hoc and formal support "system" is supposed to provide decision makers with: 1) an accurate and timely understanding of the situation, 2) response options capable of being implemented and which are compatible with the decision makers objectives and constraints, and 3) a means to control the implementation of decisions in a precise and timely manner. During several past crises, this "system" has not provided decision makers at key positions in our command and control structure with the level and timeliness of the support they sought.

OBJECTIVES

The objectives of this study are to ascertain whether the U. S. ' ability to deal with crises which involve the potential or actual need to employ military forces can be significantly improved through modifications of, or additions to, this "system" (including its structure, operational concept, equipment, and procedures); and if so, with what priority such changes should be introduced.

APPROACH

To accomplish these objectives, TRW proposes to conduct interviews with people at several echelons in both the C² and Intelligence hierarchy, who have tried to use the current apparatus to deal with crises situations, in an effort to understand:

- 1) Their principal information needs in dealing with crises;
both information they sought and that sought from them,
in terms of:
 - content
 - timeliness
 - accuracy
- 2) Whether the current "system" capabilities adequately
satisfied their information needs or whether there are
important deficiencies which prevented it from doing so
in terms of:
 - the structure of the current "system"
 - its operational concept
 - its equipment and procedures
- 3) What they see as the most important improvements
needed in the capabilities of the current "system"
(i. e., what should the system be able to do that it is
not now capable of?).
- 4) What difference these improvements would make in our
ability to deal with crises.

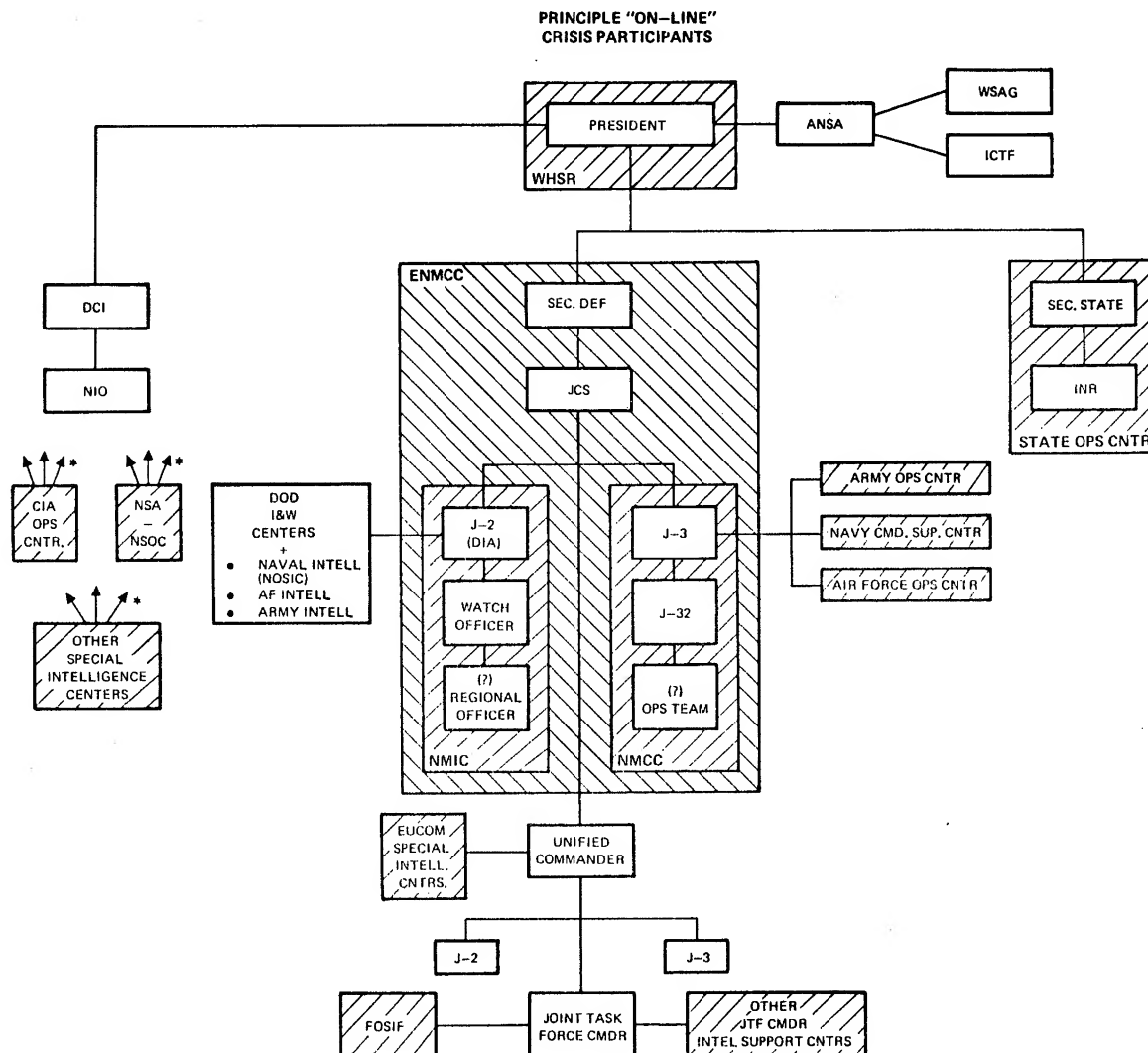
During the first half of 1975, TRW conducted a pilot interview program under an IR&D project. The specific people interviewed are identified in Table I. All the people interviewed had occupied key positions in the C² or Intelligence hierarchy during a past crisis period, and had subsequently retired and become TRW consultants (with the exceptions of Admiral O'Neil, Admiral Peet and Admiral Sharp). A report covering each of these interviews has been supplied to OASD(I), as well as a summary briefing which analyzes these interviews and from them develops an assessment of major "system" deficiency modes and their causes. This 1975 interview activity augmented TRW's initial efforts to gain an understanding of the structure and functions of the existing U. S. crisis management "system" begun under a 1974 IR&D task, and which culminated in a report published in September 1974 entitled "An Analysis of the U. S. Crisis Command and Control System," TRW Document Number 23786-6006-RE-82. A copy of this document has also been forwarded to OASD(I).

TABLE I
PERSONS INTERVIEWED UNDER
TRW'S PILOT CRISIS MANAGEMENT
INTERVIEW PROGRAM

NAME*	POSITION RELEVANT TO CRISIS MANAGEMENT	YEARS POSITION HELD
V. Adm. Jerry Miller	Former Cmdr. 6th Fleet	Early 1970's
V. Adm. Jerome King	Former J-3	6/72 - 7/74
Adm. U.S. Grant Sharp	Former CINCPAC	(Vietnam Years)
V. Adm. Ray Peet	Former Cmdr. First Fleet	1970 - 1972
Dr. Lou Tordella	Former Dep. Director NSA	8/58 - 4/74
Gen. Bruce Holloway	Former CINCSAC	1968 - 1972
Gen. Seth McKee	Former CINCNORAD	8/69 - 9/73
R. Adm. Warren O'Neil	Former Cmdr. Navy Flag Plot	During 1973 Israeli-Arab War

*-----
Biographical data on interviewees is presented in Appendix I.

This pilot program led to the conclusion that the interview approach appeared to be an effective method of accessing the "first hand" and "on-line" experience of people who had actually dealt with crises, which is so necessary to the objectives of the study proposed herein. Furthermore, the inquiry into the structure, functions, and key people/offices associated with the current crisis management apparatus, conducted as a part of TRW's 1974 Crisis Management IR&D task, permits the identification of the people that need to be interviewed in order to understand the "system" workings. The principal "on-line" participants in a crisis, which involves the potential or actual need to employ military forces, are shown in Figure 1. The key offices are indicated in this figure by names in the unshaded boxes, while the key centers/facilities are indicated by the shaded boxes. In order to keep this figure unclassified, generic references to certain special intelligence centers, rather than actual names, have been used, and certain specific information flow lines have been omitted. In view of the many elements of the structure shown in this figure which play significant roles in any effort to "manage" a crisis, a suggested list of interviews has been developed. This list is presented in Table II.



*TO INTELLIGENCE USER

FIGURE 1

TABLE II
SUGGESTED INTERVIEWS

OFFICE	PERSONS	INTERVIEW ROUND			
		COMPL.	I	II	III
President & Presidential Advisors *	Nixon (?)				
WHSR	<ul style="list-style-type: none"> Current Personnel 		✓		
Sec. Def./	<ul style="list-style-type: none"> J. Schlessinger 				✓
Dep. Sec. Def.	<ul style="list-style-type: none"> D. Packard 2 Former From Those During <ol style="list-style-type: none"> 1) Cuban Crisis (1962) 2) 1973 Arab-Israeli War 3) 1967 Arab-Israeli War 4) Czechoslovakia (1968) 5) Pueblo or EC-121 			✓ ← 2 →	
JCS	<ul style="list-style-type: none"> Current Member (Preferably Gen. Brown) 3 Former From Those During <ol style="list-style-type: none"> 1) Cuban Crisis (1962) 2) 1973 Arab-Israeli War 3) 1967 Arab-Israeli War 4) Czechoslovakia (1968) 5) Pueblo or EC-121 			← 3 →	✓
JCS/J-3	<ul style="list-style-type: none"> Lt. Gen. R. B. Sitton V. Adm. J. King 1 Former From Those During <ol style="list-style-type: none"> 1) Cuban Crisis 2) Pueblo 	✓	✓	✓	
JCS/J-32	<ul style="list-style-type: none"> Current J-32 1 Former From Those During <ol style="list-style-type: none"> 1) 1973 Arab-Israeli War 2) Cuban Crisis 3) Pueblo 		✓ ✓		
JCS/J-2	<ul style="list-style-type: none"> Current J-2 2 Former From Those During <ol style="list-style-type: none"> 1) 1973 Arab-Israeli War 2) Czechoslovakia (1968) 3) Cuban Crisis (1962) 4) 1967 Arab-Israeli War 5) Pueblo or EC-121 		← 2 →	✓	

* Such as: WSAG & ICTF

SUGGESTED INTERVIEWS (2)

OFFICE	PERSONS	INTERVIEW ROUND			
		COMPL.	I	II	III
NMIC Watch Officer	<ul style="list-style-type: none"> • Current Watch Officer • 2 Former From Those During <ol style="list-style-type: none"> 1) 1973 Arab-Israeli War 2) Czechoslovakia (1968) 3) Cuban Crisis (1962) 4) 1967 Arab-Israeli War 		✓ ← 2 →		
UNI/SPEC Commander	<ul style="list-style-type: none"> • Current CINCEUR • Current CINCLANT • Current CINCSAC • Gen. Holloway (CINCSAC) • Gen. McKee (CINCNORAD) • Adm. Sharp (CINCPAC) • 2 Former From Those During <ol style="list-style-type: none"> 1) 1973 Arab-Israeli War 2) 1967 Arab-Israeli War 3) Czechoslovakia (1968) 	✓ ✓ ✓	✓ (2)	✓ ✓ ✓	
Unified Command J-2	<ul style="list-style-type: none"> • Current EUCOM J-2 • 1 Former From Those During <ol style="list-style-type: none"> 1) 1973 Arab-Israeli War 2) Czechoslovakia 3) 1967 Arab-Israeli War 		✓	✓	
Unified Command J-3	<ul style="list-style-type: none"> • Current EUCOM J-3 • 1 Former From Those During <ol style="list-style-type: none"> 1) 1973 Arab-Israeli War 2) 1967 Arab-Israeli War 		✓	✓	
EUCOM Special Intell. Cntrs	<ul style="list-style-type: none"> • Current OPS Cntr Personnel 			✓ (2)	
European I&W Cntrs	<ul style="list-style-type: none"> • As Appropriate 			✓	
Joint Task Force Cmdr.	<ul style="list-style-type: none"> • V. Adm. J. Miller • V. Adm. Peet • 2 Former From Those During Past Crises 	✓ ✓	✓ (2)		
FOSIF (ROTA)	<ul style="list-style-type: none"> • Current Personnel 			✓	

SUGGESTED INTERVIEWS (3)

OFFICE	PERSONS	INTERVIEW ROUND			
		COMPL.	I	II	III
Army OPS Center	<ul style="list-style-type: none"> • Current Cmdr (Col. Jacobs) • 1 Former From Those During <ol style="list-style-type: none"> 1) Cuban Crisis 2) 1973 Arab-Israeli War 3) 		✓ ✓		
Navy Command Support Cntr.	<ul style="list-style-type: none"> • Current Cmdr (Capt. Weaver) • R. Adm. W. O'Neil • 1 Former From Those During <ol style="list-style-type: none"> 1) Cuban Crisis 2) 1973 Arab-Israeli War 3) 1967 Arab-Israeli War 	✓	✓ ✓		
A.F. OPS Cntr.	<ul style="list-style-type: none"> • Current Cmdr (Col. Norman) • 1 Former From Those During <ol style="list-style-type: none"> 1) 1973 Arab-Israeli War 2) Cuban Crisis 3) 1967 Arab-Israeli War 		✓ ✓		
Sec. State	<ul style="list-style-type: none"> • 2 Former From Those During <ol style="list-style-type: none"> 1) Cuban Crisis 2) 1973 Arab-Israeli War 3) Pueblo Crisis 4) 1967 Arab-Israeli War 				✓ (2)
INR	<ul style="list-style-type: none"> • Current Head • G. Hyland • G. Newman 		✓ ✓	✓	
Sp Assist For Nat Sec Affairs	<ul style="list-style-type: none"> • 3 Former From Those During <ol style="list-style-type: none"> 1) Cuban Crisis 2) 1973 Arab-Israeli War 3) Czechoslovakia 4) 1967 Arab-Israeli War 5) Pueblo Crisis 				✓ (3)
DCI	<ul style="list-style-type: none"> • Colby • 2 Former From Those During <ol style="list-style-type: none"> 1) 1973 Arab-Israeli War 2) Cuban Crisis 3) Czechoslovakia 4) 1967 Arab-Israeli War 			✓ (2)	✓
NIO	<ul style="list-style-type: none"> • Current For Europe • Current For Mid-East/Africa • Current For Asia 		✓ ✓ ✓		

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SUGGESTED INTERVIEWS (4)

OFFICE	PERSONS	INTERVIEW ROUND			
		COMPL	I	II	III
CIA OPS Center	<ul style="list-style-type: none"> • Current Head 		✓		
NSA/NSOC	<ul style="list-style-type: none"> • L. Tordella (Former Dep Dir) • Head — NSOC) 	✓	✓		
Other CONUS Special Intell. Center	<ul style="list-style-type: none"> • Current Head 		✓		
		8	27	19	11

Total Interviews Completed 8
Total Suggested Additional 57

Approved For Release 2004/01/20 : CIA-RDP83M00171R001800070004-8

It is suggested that the total program of interviews be grouped into three "rounds." It is very important to pause in this activity to analyze and consolidate that which has been learned over a series of interviews, and to sharpen the points to be covered and questions asked in subsequent interviews. Also, each succeeding round of interviews generally addresses people at successively higher echelons in the crisis management hierarchy. The reason for this is to develop the greatest possible depth of understanding, and pertinence of questions, prior to meeting with the people who are likely to have the most important inputs to this effort, but the least time to contribute. In developing the suggested interviews presented in Table II particular effort has been made not only to touch base with each of the key offices in the crisis management hierarchy, but also to interview more than one person who has held those offices, in an effort to more clearly identify personal biases which inevitably influence an individual's perspective. Furthermore, an intentional effort has been made in formulating this list, to interview people who have occupied key positions during past crises; particularly crises that would have most stressed the occupant of each position. It is realized that the list of suggested interviews is quite extensive. However, such a series of interviews would provide the best possible basis for satisfying the objectives of this study. To be realistic, it is recognized that not all of the interviews suggested will materialize, even under the best of circumstances. Nevertheless, every effort should be made to cover as much of this list as possible.

OUTPUTS

Upon completion of each interview, a report covering the relevant discussion points will be prepared. This report will first be sent back to the interviewee, for his approval, to make sure his views have been accurately represented. Copies of each interview report will be submitted to OASD(I) immediately following TRW's development of an approved version. After the completion of the interviews associated with each "round," the principal points covered will be organized, analyzed and evaluated. A

briefing will be prepared for presentation to OASD(I) covering the four items stated at the beginning of the preceeding discussion of "APPROACH." At the conclusion of the final interview round, a final briefing and report will be prepared which will not only cover these same four items, but also present a set of prioritized recommendations for crisis management capability improvement, and a set of measures and criteria to aid OASD(I) in evaluating proposed system modifications and upgrades.

DELIVERABLES

- 1) Interview Reports - One approved version of the report for each interview, due as soon after the interview date as possible.
- 2) Two Interim Briefings - One after the completion of each of the first two interview rounds, due 1 month after last interview associated with each round.
- 3) Final Briefing and Draft Final Report - Due 8 months after start of contract.
- 4) Final Report - Due 9 months after start of contract (allowing one month for OASD(I) review).

Next 2 Page(s) In Document Exempt

DEPARTMENT OF DEFENSE CONTRACT PRICING PROPOSAL (RESEARCH AND DEVELOPMENT)				Form Approved Budget Bureau No. 22-R100	
This form is for use when (i) submission of cost or pricing data (see ASPR 3-807.3) is required and (ii) substitution for the DD Form 633 is authorized by the contracting officer.				PAGE NO.	NO. OF PAGES
NAME OF OFFEROR		SUPPLIES AND/OR SERVICES TO BE FURNISHED			
TRW Defense & Space Systems Group					
HOME OFFICE ADDRESS					
One Space Park Redondo Beach, California 90278					
DIVISION(S) AND LOCATION(S) WHERE WORK IS TO BE PERFORMED		TOTAL AMOUNT OF PROPOSAL		GOVT SOLICITATION NO.	
SEID - Special Programs		\$ 69,998			
DETAIL DESCRIPTION OF COST ELEMENTS					
1. DIRECT MATERIAL (Itemize on Exhibit A)			EST COST (\$)	TOTAL EST COST \$	REFER- ENCE
a. PURCHASED PARTS					
b. SUBCONTRACTED ITEMS					
c. OTHER - (1) RAW MATERIAL					
(2) YOUR STANDARD COMMERCIAL ITEMS					
(3) INTERDIVISIONAL TRANSFERS (At other than cost)					
TOTAL DIRECT MATERIAL					
2. MATERIAL OVERHEAD 3' (Rate % X \$ base =)					
3. DIRECT LABOR (Specify)			ESTIMATED HOURS	RATE/ HOUR	EST COST (\$)
1976 Engineering Labor			593		8,643
1977 Engineering Labor			805		10,582
TOTAL DIRECT LABOR					19,225
4. LABOR OVERHEAD (Specify Department or Cost Center) 3'			O.H. RATE	X BASE =	EST COST (\$)
1976 Engineering Overhead			136%	8,643	11,754
1977 Engineering Overhead			140%	10,582	14,815
TOTAL LABOR OVERHEAD					26,569
5. SPECIAL TESTING (Including field work at Government installations)			EST COST (\$)		
TOTAL SPECIAL TESTING					
6. SPECIAL EQUIPMENT (If direct charge) (Itemize on Exhibit A)					
7. TRAVEL (If direct charge) (Give details on attached Schedule)			EST COST (\$)		
a. TRANSPORTATION			5,746		
b. PER DIEM OR SUBSISTENCE			3,003		
TOTAL TRAVEL			8,749		
8. CONSULTANTS (Identify - purpose - rate)			EST COST (\$)		
TOTAL CONSULTANTS					
9. OTHER DIRECT COSTS (Itemize on Exhibit A)			913		
10. TOTAL DIRECT COST AND OVERHEAD			55,456		
11. GENERAL AND ADMINISTRATIVE EXPENSE (Rate 15.8 % of cost element Nos.) 3'			8,762		
12. ROYALTIES 3'					
13. TOTAL ESTIMATED COST			64,218		
14. FEE OR PROFIT			5,780		
15. TOTAL ESTIMATED COST AND FEE OR PROFIT			69,998		
This proposal is submitted for use in connection with and in response to (Describe RFP, etc.)					
and reflects our best estimates as of this date, in accordance with the Instructions to Offerors and the Footnotes which follow.					
TYPED NAME AND TITLE			SIGNATURE		
H.K. Walker Pricing Manager - Special Projects			<i>H.K. Walker</i>		
NAME OF FIRM			DATE OF SUBMISSION		
TRW Defense & Space Systems Group			09 April 1976		

EXHIBIT A - SUPPORTING SCHEDULE (Specify. If more space is needed, use blank sheets)		
COST EL NO	ITEM DESCRIPTION (See footnote 5)	EST COST (\$)
9.	OTHER DIRECT COSTS	
	Technical Services	\$ 913
I HAVE THE DEPARTMENT OF DEFENSE, NATIONAL AERONAUTICS AND SPACE ADMINISTRATION, OR THE ATOMIC ENERGY COMMISSION PERFORMED ANY REVIEW OF YOUR ACCOUNTS OR RECORDS IN CONNECTION WITH ANY OTHER GOVERNMENT PRIME CONTRACT OR SUBCONTRACT WITHIN THE PAST TWELVE MONTHS?		
<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO (If yes, identify below.) Continuous Audit by DCASO		
NAME AND ADDRESS OF REVIEWING OFFICE AND INDIVIDUAL		TELEPHONE NUMBER/EXTENSION
II WILL YOU REQUIRE THE USE OF ANY GOVERNMENT PROPERTY IN THE PERFORMANCE OF THIS PROPOSED CONTRACT?		
<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO (If yes, identify on a separate page.)		
III DO YOU REQUIRE GOVERNMENT CONTRACT FINANCING TO PERFORM THIS PROPOSED CONTRACT?		
<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO (If yes, identify.) <input type="checkbox"/> ADVANCE PAYMENTS <input type="checkbox"/> PROGRESS PAYMENTS OR <input type="checkbox"/> GUARANTEED LOANS		
IV DO YOU NOW HOLD ANY CONTRACT (or, do you have any independently financed (IR & D) projects) FOR THE SAME OR SIMILAR WORK CALLED FOR BY THIS PROPOSED CONTRACT?		
<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO (If yes, identify)		
V DOES THIS COST SUMMARY CONFORM WITH THE COST PRINCIPLES SET FORTH IN ASPR, SECTION XV (See 3-807.2 (c) (2))?		
<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO (If no, explain on a separate page.)		
INSTRUCTIONS TO OFFERORS		
1. The purpose of this form is to provide a standard format by which the offeror submits to the Government a summary of incurred and estimated cost (and attached supporting information) suitable for detailed review and analysis. Prior to the award of a contract resulting from this proposal the offeror shall, under the conditions stated in ASPR 3-807.3, be required to submit a Certificate of Current Cost or Pricing Data (see ASPR 3-807.3(e) and 3-807.4).		
2. As part of the specific information required by this form, the offeror must submit with this form, and clearly identify as such, cost or pricing data (that is, data which is verifiable and factual and otherwise as defined in ASPR 3-807.3(e)). In addition, he must submit with this form any information reasonably required to explain the offeror's estimating process, including: <ul style="list-style-type: none"> a. the judgmental factors applied and the mathematical or other methods used in the estimate including those used in projecting from known data, and b. the contingencies used by offeror in his proposed price. 		
3. Attach separate pages if necessary and identify in this column the attachment in which the information supporting or otherwise relating to the specific cost element may be found.		
When attachment of supporting cost or pricing data to this form is impracticable, the data will be specifically identified and described (with schedules as appropriate), and made available to the Contracting Officer or his representative upon request.		
4. The formats for the "Cost Elements" and the "Proposed Contract Estimate" are not intended as rigid requirements. These may be presented in different format with the prior approval of the Contracting Officer if required for more effective and efficient presentation. In all other respects this form will be completed and submitted without change.		
5. By submission of this proposal offeror, if selected for negotiation, grants to the Contracting Officer, or his authorized representative, the right to examine, for the purpose of verifying the cost or pricing data submitted, those books, records, documents and other supporting data which will permit adequate evaluation of such cost or pricing data, along with the computations and projections used therein. This right may be exercised in connection with any negotiations prior to contract award.		
FOOTNOTES		
1/ Enter in this column those necessary and reasonable costs which in the judgment of the offeror will properly be incurred in the efficient performance of the contract. When any of the costs in this column have already been incurred (e.g., on a letter contract or change order), describe them on an attached supporting schedule. Identify all sales and transfers between your plants, divisions, or organizations under a common control, which are included at other than the lower of cost to the original transferor or current market price.		
2/ When space in addition to that available in Exhibit A is required, attach separate pages as necessary and identify in this "Reference" column the attachment in which information supporting the specific cost element may be found. No standard format is prescribed; however, the cost or pricing data must be accurate, complete and current, and the judgment factors used in projecting from the data to the estimates must be stated in sufficient detail to enable the Contracting Officer to evaluate the proposal. For example, provide the basis used for pricing materials such as by vendor quotations, shop estimates, or invoice prices; the reason for use of overhead rates which depart significantly from experienced rates (reduced volume, a planned major re-arrangement, etc.); or justification for an increase in labor rates (anticipated wage and salary increases, etc.). Identify and explain any contingencies which are included in the proposed price, such as anticipated costs of rejects and defective work, or anticipated technical difficulties.		
3/ Indicate the rates used and provide an appropriate explanation. Where agreement has been reached with Government representatives on the use of forward pricing rates, describe the nature of the agreement. Provide the method of computation and application of your overhead expense, including cost breakdown and showing trends and budgetary data as necessary to provide a basis for evaluation of the reasonableness of proposed rates.		
4/ If the total royalty cost entered here is in excess of \$250 provide on a separate page (or on DD Form 783, Royalty Report) the following information on each separate item of royalty or license fee: name and address of licensor; date of license agreement; patent numbers, patent application serial numbers, or other basis on which the royalty is payable; brief description, including any part or model numbers of each contract item or component on which the royalty is payable; percentage or dollar rate of royalty per unit; unit price of contract item; number of units; and total dollar amount of royalties. In addition, if specifically requested by the contracting officer, a copy of the current license agreement and identification of applicable claims of specific patents shall be provided.		
5/ Provide a list of principal items within each category indicating known or anticipated source, quantity, unit price, competition obtained, and basis of establishing source and reasonableness of cost.		

TRW PROPOSAL NO. 30311.000

COST SUMMARY

	<u>MM</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>	<u>TOTAL</u>
1976 Engineering Labor					
Engineering B (100B)	2.4	365	\$20.08	\$ 7,329	
Drafting (105)	.5	76	7.26	552	
Clerical & Support (103)	<u>1.0</u>	<u>152</u>	5.01	<u>762</u>	
Total 1976 Engineering Labor	3.9	593		8,643	
Engineering Overhead @ 136%				11,754	
1977 Engineering Labor					
Engineering B (100B)	1.6	243	20.08	4,879	
Engineering C (100C)	2.0	304	13.65	4,150	
Drafting (105)	.7	106	7.37	781	
Clerical & Support	<u>1.0</u>	<u>152</u>	5.08	<u>772</u>	
Total 1977 Engineering Labor	5.3	805		10,582	
Engineering Overhead @ 140%				14,815	
TOTAL LABOR	9.2	1,398			\$ 19,225
TOTAL OVERHEAD					26,569
Other Direct Costs					
Technical Services				913	
Travel				<u>8,749</u>	
TOTAL OTHER DIRECT COSTS					<u>9,662</u>
COST BEFORE G&A					55,456
G&A EXPENSE @ 15.8%					<u>8,762</u>
TOTAL ESTIMATED COST					64,218
FIXED FEE (9%)					<u>5,780</u>
TOTAL CPFF					\$ 69,998

TRW PROPOSAL NO. 30311.000
OTHER DIRECT COST SUPPORT DATA

TECHNICAL SERVICES	AMOUNT	TOTAL
Interim Briefings (2)		
Vu-graphs - 30 ea. x 2 = 60 @ \$2.93	\$ 176	
Reproduction - 60 x 6 sets = 360 pgs. @ \$.06	22	
Interview Reports		
50 Reports, 20 pps, 6 cys. = 6,000 pgs. @ \$.06	360	
Final Report		
100 pgs., 30 cys.	256	
Vu-graphs - 30 @ 2.93	88	
Reproduction - 30 x 6 sets = 180 pgs. @ \$.06	<u>11</u>	
TOTAL TECHNICAL SERVICES		\$ 913
TRAVEL		
Washington, D. C. (12 trips, 3 days ea.)		
Airfare - 12 trips @ \$366	4,392	
Subsistence - 26 days @ \$47	1,692	
Travel Requests - 12 @ \$8.75	105	
Norfolk, Va.		
Airfare - 1 trip @ \$357	357	
Subsistence - 3 days @ \$47	141	
Travel Request - 1 @ \$8.75	9	
Omaha, Neb.		
Airfare - 1 trip @ \$219	219	
Subsistence - 3 days @ \$47	141	
Travel Request - 1 @ \$8.75	9	
Europe		
Airfare - 1 trip @ \$646	646	
Subsistence - 14 days @ \$73.50	1,029	
Travel Request - 1 @ \$8.75	<u>9</u>	
TOTAL TRAVEL		<u>\$ 8,749</u>
TOTAL ODC		\$ 9,662

Approved For Release 2004/01/20 : CIA-RDP83M00171R001800070004-8
TRW PROPOSAL 30311.000

BASIS OF ESTIMATE

TYPE OF CONTRACT - CPFF

PERIOD OF PERFORMANCE - 1 June 1976 through February 1977.
(9 Months)

MIDPOINT OF EFFORT FOR LABOR RATES

1976 - October 1976
1977 - January 1977

DIRECT LABOR

One Man Month equals 152 hours. All labor rates are current TRW Bidding rates with the exception of the 100B rate, which is the actual rate for John Luedde.

OTHER DIRECT COSTS

Priced in accordance with current TRW Bidding Rates.

INDIRECT EXPENSE

Priced in accordance with current TRW Bidding Rates.

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